

Service Date: February 10, 1984

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application ) UTILITY DIVISION  
of PACIFIC POWER & LIGHT COMPANY )  
For Authority to Adopt New Rates ) DOCKET No. 83.10.71  
and Charges for Electric Service )  
Furnished in the State of Montana.) SUPPLEMENTALINTERIM  
ORDER NO. 5028a

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FINDINGS OF FACT

1. On October 21, 1983, the Pacific Power and Light Company (Applicant, Company, or PP&L) filed with the Montana Public Service Commission an application for authority to adopt new rates and charges for electric service furnished in the State of Montana. The application provided in part for rates estimated to produce approximately \$467,000 of additional annual revenue, resulting in a 1.9 percent increase in annual revenues. Rates across customer classes were calculated to rise approximately .086 cents per kilowatt-hour.

2. The proposed increase reflects additional costs of \$467,000 to be incurred by PP&L as a result of increases in Bonneville Power Administration (BPA) wholesale rates which became effective November 1, 1983. PP&L purchases a significant portion of its energy from BPA.

3. On October 31, 1983, PP&L submitted information to the Commission which resulted in an adjustment to PP&L's revenue request. According to PP&L, the Federal Energy Regulatory Commission (FERC) had not yet approved BPA's requested increased transmission rates. As a result, the portion of PP&L's BPA passthrough request concerning increased transmission rates was withdrawn by PP&L until such time in the future when the FERC approved new BPA transmission rates. The Commission accepted the withdrawal of that portion of the Company's request and deferred any decisions concerning new BPA transmission rates until PP&L files with the Commission data which shows that the FERC has actually approved new

transmission rates resulting in a rate adjustment request by PP&L. PP&L further submitted that the resulting adjusted annual revenue increase was in the amount of \$322,000 or 1.3 percent. The combined effect of the BPA wholesale rate increase-and the associated decrease in the Schedule 98 credit resulted in an adjusted net annual revenue increase to total retail sales in the amount of \$632,000.

4. On January 30, 1984, PP&L filed with the Commission an application of rate increase to reflect the increase associated with the BPA transmission rates previously disallowed by the Commission. PP&L stated that on or about January 25, 1984, FERC approved the BPA transmission rate increase, effective February 1, 1984. This increase will cause the Company's costs allocated to Montana, to increase by \$145,000 or 0.6 percent based on the 12 months ended December 31, 1982.

5. The Company is also proposing to modify the Schedule 98 billing credit to the Company's Montana domestic and rural customers resulting from the Company's Residential Purchase and Sale Agreement (Exchange Agreement) with BPA as authorized by the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). The proposed Schedule 98 credit is 0.826 cents per kilowatt-hour applicable to Residential Service Schedule 16 customers and 0.769 cents per kilowatt-hour applicable to qualifying customers served on Schedule 13, 25, 35, 40, and 42. The combined effect of the BPA Transmission Rate increase and the associated increase in the amount of the Schedule 98 credit results in a net annual revenue increase to total retail sales of \$82,000 or 0.4 percent. The Commission finds that these adjusted Schedule 98 tariff rates are proper, based on this interim proceeding.

6. Since the Commission finds that the increased expense is, to a large extent, a known and measurable change and lies beyond the direct control of the Applicant, the Commission determines that additional interim relief in the amount of

\$145,000 is appropriate.

7. The Company is directed to increase rates, obtaining the additional revenue requirement of \$145,000 from the various rate schedules in the manner proposed by the Company in the tariff section of its filing. The Company is further directed to incorporate the tariff filing associated with this Order with the tariff filing associated with the Final Order in Docket No. 83.5.36. The 1982 test year shall serve as the basis for the billing determinants. The existing relationship between rate blocks and time-of-use should be maintained.

8. The granting of additional interim relief in this matter should in no way be misinterpreted to mean that any issue in the case has been decided before all the evidence has been presented and heard during the course of these proceedings. Should, for any reason, the amount of additional interim relief granted herein be found to be excessive as regards a final decision in this case, the Company will be required to refund any excess, to include interest at the rate of the currently authorized rate of return on equity (13.75 percent to the ratepayer.

#### CONCLUSIONS OF LAW

1. Applicant, Pacific Power and Light Company, is a corporation providing service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides, in part, "The Commission may, in its discretion, temporarily approve increases pending a hearing or final decision."

4. The rate levels and spread approved herein are a reasonable means of providing interim relief to PP&L. The

rebate provisions of Section 69-3-304, MCA, protect ratepayers in the event that any revenue increases authorized by this Order are found to be unjustified in the final order in this Docket.

ORDER

1. Applicant, Pacific Power and Light Company, is hereby granted additional interim relief in the amount of approximately \$145,000, to be recouped as per the tariffs to be filed as a result of the Commission decision in this Interim Order and the Final Order in Docket No. 83.5.36. The combining of the two orders into one tariff filing is explained in Finding of Fact No. 7. The Company shall file revised tariffs reflecting the modifications of Schedule 98, as described in Finding of Fact No. 5.

2. Such relief is to become effective for service rendered on and after February 6, 1984, and remain in effect until such time as a final decision is reached in this matter.

3. Interim revenues granted herein are subject to rebate should the final order in this Docket determine that less increase is warranted. Such a rebate would include interest at 13.75 percent, the currently authorized rate of return on equity.

DONE AND DATED this 6th day of February, 1984,  
by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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THOMAS J. SCHNEIDER, Chairman

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JOHN B. DRISCOLL, Commissioner

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HOWARD L. ELLIS, Commissioner

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CLYDE JARVIS, Commissioner

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DANNY OBERG, Commissioner

ATTEST:

Madeline L.Cottrill  
Commission Secretary  
(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.